CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA BENEFITS COMMITTEE

Meeting of Wednesday
October 21,1976

Attendance: Mr. J. Tait, Chairman; Mr. E. Lemieux; Mr. H. Hemens; Prof. B. Barbieri: Prof. A. Dickie; Mr. R. Martin: Mr. F. Villemaire; Prof. G. Martin; Mr. C. Waters; Messrs. R. Brochu and R. Laberge of William M. Mercer Ltd.

Minutes of May 20th, 1976

On a motion by Mr. Hemens, seconded by Mr. R. Martin and unanimously carried, the minutes of May 20th, 1976 were adopted as circulated.

Discussion of Feedback Gathered at Information

A memorandum "Appendix A" which is attached to the minutes was circulated for use as a guide.

PENSION PLAN

a) Vesting Rights

Mr. Waters explained that the Vesting Rights for contributing members of the proposed plan were inferior to those provided in the current programs. Both Sir George and Loyola plans provide full and immediate vesting for contributing participants. The proposal does not provide for vesting before ten (10) years of service.

As outlined in "Appendix A" and confirmed by Mr. Brochu, the cost of providing full and immediate vesting for contributing members would be negligible.

It was unanimously agreed by the Committee that full and immediate vesting be allowed for contributing members only, providing that the members' contributions are not withdrawn. It was stressed that the 10 year service requirement for vesting would remain for non-contributing members.

b) Inequities in Termination Benefits

Mr. Waters mentionned that a certain inequity existed for individuals terminating after ten years of service. The non-contributing member would be better off upon termination of employment than the contributing member who elects a refund of contribution

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It was agreed by the Committee that the action recommended in (a) above would offset this inequity.

Death Benefits

The final proposal circulated limited the grandfather clause for life insurance in excess of three time earnings to those who would be ineligible for the Survivor Income Benefit.

In view of the fact that no cost would be involved to do so, it was agreed that this grandfather clause be applicable without restriction to all participants currently covered for more than three times salary on condition, of course, that the two times salary option be selected.

a) Retirement Life Grandfather Clause

Mr. Waters explained that many participants at the information session felt that it was unfair to limit this grandfather clause to the 55 and over age group and that 50 years of age would be a better choice.

The numbers of people in the 50 to 55 year old group, being considerable, would make such an extension of this clause financially onerous.

It was agreed by the Committee that eligibility for this clause be restricted to those 55 years of age or over upon introduction of the program.

b) Survivor Income Benefits

The problem pointed out with the Survivor Income Benefit was not in the Benefit per se but in the circumstances where a surviving spouse would predeceasethe insured participant without the latter having the time or the energy required to elect another option.

Three solutions were suggested and the Committee endorsed the following:

Should the spouse pre-decease the insured participant, the option will automatically change from Survivor Income to two times salary.

c) Changes in Optional Insurance Coverage

The Committee agreed that a fair measure of flexibility in option changes would be a desireable feature. Mercers was asked to negociate a clause providing that changes in option could be made:

a) on an event basis i.e.:
- marriage
- divorce
- death of survivor
- etc.

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and

b) on a one month's notice basis.

It is expected that little or no evidence of insurability will be required in (a) but that evidence will be required in (b).

DISABILITY BENEFITS

a) Maximum Benefit Payable

It was explained that where salaries exceeded $45,000.00 per year, the $2,500.00 maximum benefit proposed would represent less than 66 2/3% of salary. Group disability plans provide for subtraction of other group disability plans such as those available through professional organization.

The Committee agreed that Mercers should negociate a clause whereby no subtraction is made as long as the Concordia LTD benefit plus the group benefit do not exceed 66 2/3% of salary.

Indexing of LTD Benefits

Professor Martin advised the Committee that the Chairman of the Board, Mr Duff has asked that his views on indexing of LTD be made clear to the Committee. Mr Duff has deep reservations about the inclusions of indexing in the LTD because:

a) the additional $24,000.00 cost involved is excessive

b) it is illogical to include indexing for LTD and not pension; indexing, if finances so permit, should be applied to all income benefits or none

c) it is a precedent

Much discussion was held on the subject both for and against inclusion of indexing. The general concensus was that in the light of communication already circulated to staff, it would be extremely difficult to sell the removal of indexing to the community. If the cost reduction was essential the Committee felt that retaining L.T.D. indexing was preferable even if it implied a reduction in some other benefit.

The Committee decided that the LTD Benefit proposal should not be altered from its present form.

b) Inclusion of Indexing for Participants of the Current Long Term Disability Plans.

Mr. Waters advised that nine people are currently receiving LTD benefit payments totalling $50,207.00 per year.

It was agreed by the Committee that it would be difficult to administer an LTD plan where beneficiaries would be treated differently according to when they became disabled.

The Committee decided that recommendations include a premise which would index the benefits of current LTD benefit recipients from the date of implementation. It was agreed that no retroactivity whatsoever would be permitted.

The present value of such a clause was estimated at $40,000.00 amortizable at a rate of $3,000.00 to $4,000.00 per year. Mercers was requested to look into the question and recommend the best way of resolving the problem.

Inclusion of Permanent Part-Time Staff for Benefits

The Committee agreed that the health insurance plan be made available to permanent part-time employees (i.e. those working 20 hours per week for a period exceeding or expected to exceed 12 months). The cost of this was estimated at $1,800.00 annually.

Possible Effects of Anti-Inflation Legislation on Proposed Benefits

Professor Martin advised the Committee that the Benefit Program, once implemented, would come under the scrutining of the Anti-Inflation authorities. He expressed the opinion that the proposed programme would not cause any problems.

Structure of an Ongoing Committee

A memorandum was circulated on a suggested Permanent Benefits Committee, ("Appendix B" attached.) It was decided that a discussion of this subject would be held at a later meeting.

Areas to be Covered After Adoption of Proposal

A memorandum ("Appendix C" attached) was circulated outlining areas to be covered after adoption of the proposal.

Next Meeting

It was agreed that the next meeting would be held at the call of the chair.

The meeting adjourned at 2:50 p.m. on a motion from the Chairman.